

Financial Market & Institutions

Q.P. Code:00001061

[Time: 3.00 Hrs.]		[Marks:60]
Please check whether you have got the right question paper.		
N.B:	1. Q.1 would be compulsory and would carry 20 Marks. 2. Students have to attempt any four out of the remaining six Questions (Q.2 to Q.7) and within each question; students have to attempt any two Out of three sub – questions.	

Q.1	<p>Case Study.</p> <p>Capital Market :</p> <p>The Indian capital market witnessed an unprecedented boom in the first half of the present decade both in terms of capital raised and number of investors. The situation reached its peak in 1985-86 coinciding with the new economic policy initiated by the government with its emphasis on deregulation of industry, liberalization of foreign trade, and a stable fiscal policy.</p> <p>Capital raised by the private sector companies through new issues of equity and debentures averaged about rs.50 crore a year in the seventies. It jumped to around 400 crore in 1981 and to nearly 2000 crore in 1985. With this spectacular performance many new companies and new investors came into the primary capital market. The new category of individual investors was drawn mainly from the self-employed and salaried classes. Peaks have to be followed by troughs and the slide started in the second-half of 1986 and continued to mar the prospects of the capital market. Capital raised by private companies fell sharply in the year 1987-88. The investing public has suffered enormous loss of capital invested in securities of the so-called fly-by-night entrepreneurs. The market now is suffering from the effects of a severe shake-up of investor confidence.</p> <p>Expectedly, this has caused serious concern to policy-makers as well as to the corporate sector. Concerted efforts need to be made by the Government as well as the corporate sector, first to revive the capital market and then to facilitate its healthy growth on a long- term basis so that the corporate sector could finance an increasing proportion of its investment through the market and rely less on institutional finances. Thus the challenges facing the capital market today falls under two categories- the short-term ones of reviving the market and putting the house back in order and the somewhat long-term ones of spreading the equity cult on a faster and larger scale.</p> <p>In this context an understanding of investor behaviour can go a long way not only in restoring investor confidence but also in designing new and innovative financial instruments that could lead to a broader investor base.</p>	20
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	<p>Questions:</p> <p>a) What are the important motives for investment?</p> <p>b) How have the investors distributed their assets among various existing investment options?</p> <p>c) How does an individual manage his/her investment program? and what is the possible form of influence various external agencies exert on the person.</p>	
Q.2	<p>Attempt any two</p> <p>A) Explain financial market with its features.</p> <p>B) Explain Capital Market instrument.</p> <p>C) Write a note on Trading over the Counter (OTC).</p>	5X2
Q.3	<p>Attempt any two.</p> <p>A) Explain the RBI with its functions.</p> <p>B) Explain Monetary Policy with its features.</p> <p>C) Write a note on Interest Rates.</p>	5X2
Q.4	<p>Attempt any two.</p> <p>A) Describe the functions & advantages of secondary Market.</p> <p>B) What is Derivatives & Explain its types?</p> <p>C) Explain speculations with its kind of speculators.</p>	5X2
Q.5	<p>Attempt any two.</p> <p>A) Which are the factors affecting the profitability of Banks.</p> <p>B) What do you mean by Hedge Funds? Explain its features.</p> <p>C) Write a note on “Transaction charges on Mutual Funds”.</p>	5X2
Q.6	<p>Attempt any two.</p> <p>A) What is Foreign Exchange Market and explain its functions.</p> <p>B) Reward funding is a source of alternative Finance. Explain.</p> <p>C) What do you mean by Bonds? Explain various types of Bonds.</p>	5X2
Q.7	<p>Attempt any two Short Notes.</p> <p>A) Forward Contract.</p> <p>B) Benefits of Insurance.</p> <p>C) Underwriters.</p>	5X2